



Vermont Milk Commission

House Committee of Agriculture and Forestry and Senate Committee of Agriculture

January 24, 2019

Vermont Milk Commission

- ▶ Title 6: Agriculture
- ▶ Chapter 161: Vermont Milk Commission from Sections 2921 - 2938
- ▶ Purpose
- ▶ Protect and promote the public welfare by insuring at all times an adequate supply of clean, pure milk and cream of proper quality to meet the needs of the inhabitants of this State;
- ▶ To ensure the continuing economic vitality of the dairy industry by stabilizing the price received by farmers for their milk at a level allowing them an equitable rate of return.
- ▶ Accomplished through regulation of the milk-marketing industry, and through control in general, consistent with constitutional limitations, of the price of all fluid dairy products sold or offered or exposed for sale to the inhabitants of this State and by Vermont farmers, to the end that the public health and economic welfare of the State shall not be menaced or jeopardized. (1965, No. 175, § 39; amended 1991, No. 17, § 2, eff. April 4, 1991.)

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- ▶ Milk Commission Members
- ▶ Two dairy farmers with knowledge of the production and marketing of dairy products.
 - ▶ Paul Doton, Woodstock - 2-year term
 - ▶ Harold Howrigan, Fairfield - 3-year term
- ▶ One milk handler with knowledge and experience in the marketing of dairy products.
 - ▶ Jerry Booth, H.P. Hood, Barre, - 3-year term
- ▶ Two members representing milk consumers and having no pecuniary interest in the sale of milk or milk products.
 - ▶ Jane Clifford, Straksboro - 3 -year term
 - ▶ Linda Berlin, S. Burlington - 1-year term
- ▶ One dairy farmer, who does not serve on the board of directors of any organization which handles or processes dairy products, nor is an officer of any organized farm organization in the State.
 - ▶ Reg Chaput, North Troy - 3-year term
- ▶ One member from the House Committee on Agriculture chosen by the Speaker.
 - ▶ Representative Richard Lawrence, Lyndonville representing Caledonia - 4
- ▶ One member from the Senate Committee on Agriculture chosen by the President Pro Tempore of the Senate.
 - ▶ Senator Robert Starr, North Troy representing Essex-Orleans District

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Category	Total	Total year prior	% change prior year
Milk Income - 2018 FMMO milk price	\$524,280	\$570,520	-8.1%
USDA Total Costs 2017	\$871,420	\$1,207,680	-27.8%
USDA Value of milking cows 170 cows- 2018	\$212,500	\$289,000	-26.5%
USDA Value of Springing Heifer (40/year) 2018	\$55,000	\$64,000	-14.1%
Holstein Heifer Calf (40/year) 2018	\$2,760	\$8,160	-66.2%
USDA Beef Price Cow (700 lbs. dressed weight) 2018	\$452.34	\$486.92	-3.5%
USDA Interest Expense per Cwt. 2017	\$2,380	\$1,700	40%

- ▶ Dairy Situation very challenging for farmers across the US and in Vermont
- ▶ Challenge areas for an average size farm in VT
- ▶ Average size farm 170 cows making 3.4 million pounds of milk per year.

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- ▶ Secretary Tebbetts received a letter from Senator Robert Starr and Representative Carolyn Partridge on May 12, 2018 requesting the Secretary to:
 - ▶ “immediately convene a series of meetings with cooperative leaders to explore implementation of a comprehensive supply management plan for the Vermont dairy industry.”
- ▶ The letter further requested that the supply management working group be composed of cooperative leadership and their respective economists from St. Albans Cooperative Creamery, Inc., Agri-Mark, Inc., Dairy Farmers of America and Land O’ Lakes as well as Senator Starr and Representative Richard Lawrence who both are appointed to the Vermont Milk Commission. The working groups additional charge included:
 - ▶ “this leadership group should consider and report back to the Vermont Milk Commission about how continued State financial support of the State's dairy industry can serve as incentive and support for implementation of such a plan.”

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The Supply Management Working group was composed of the following individuals:

Name	Organization	Title
Leon Berthiaume	St. Albans Cooperative Creamery, Inc.	General Manager
Kiersten Bourgeois	St. Albans Cooperative Creamery, Inc.	Business Development
Bill Cummings	Dairy Farmers of America	Vice President, Northeast Area Operations
Chris Allen	Dairy Farmers of America	Senior Director of Dairy Marketing
Catherine DeRonde	Agri-Mark, Inc.	Economist
Bob Wellington	Agri-Mark, Inc.	Vice President, Economics & Policy
Darin Hansen	Land O Lakes	Member Relations
Senator Bobby Starr	VT Senator	
Representative Richard Lawrence	VT Representative	
Anson Tebbetts	VT Agency of Agriculture, Food & Markets	Secretary
Diane Bothfeld	VT Agency of Agriculture, Food & Markets	Director of Administrative Services & Dairy Policy

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- ▶ The Supply Management Working Group reviewed many different types of growth management and price stabilization programs.
- ▶ The group did not want to select one specific type of growth management or price stabilization program
- ▶ Group provided parameters for a program.
- ▶ The Supply Management Working group met three times and made the following recommendations to the Milk Commission:
 - ▶ Any dairy price stabilization or growth management program would need to be implemented at the national level.
 - ▶ Dairy farmer representation is critical on a board that works with the Federal Government.
 - ▶ Program must not have barriers to new farmers starting dairy farming operations.
 - ▶ A two-tiered stabilization program is preferred.

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		Farm Production					Commercial Use			
Year	Beginning com. stocks [A]	Production	Farm use	Marketing [B]	Imports [C]	Total supply [A+B+C]	Domestic com. Disapp.	Com. exports ²	Total com. Disapp.	Ending com. stocks ³
2013	7,973	201,231	976	200,255	5,311	213,539	167,414	38,548	205,962	7,577
2014	7,577	206,054	964	205,090	5,627	218,294	169,822	39,038	208,860	9,434
2015	9,434	208,597	968	207,629	5,986	223,049	176,561	37,337	213,898	9,151
2016	9,151	212,405	993	211,412	6,500	227,063	178,486	39,052	217,538	9,525
2017	9,525	215,466	979	214,487	6,053	230,065	177,556	40,715	218,271	11,794

Vermont Milk Commission Met on December 12 and January 15 to deliberate on recommendations to the Congressional Delegation and to the Vermont Legislature.

USDA Annual commercial (com.) disappearance (disapp.), milk in all products, milk-equivalent skim-solids basis, 2013 - 2017 (millions of pounds)

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- ▶ The Milk Commission recommends a Growth Management Plan that would incorporate many detailed rules and regulations but would need to include the following topic areas:
 - ▶ A dairy farmer governance board working in conjunction with USDA. The National Dairy Board model could be used for farmer representation with addition of a dairy economist and two dairy processors.
 - ▶ Determination of a base milk volume for individual producers
 - ▶ Determination of the volume of milk required to meet domestic and export needs as well as a 30-day emergency stock of dairy products, nationally, regionally and to the individual dairy farmer
 - ▶ A means to provide strong signals to individual dairy farmers that milk over the required domestic and export volume and emergency stock is not desired
 - ▶ A means for new dairy farmers to join family operations and or start new individual dairy farms.
 - ▶ Detailed rules and regulations for the merging of dairy farming operations, the dissolution of farm partnerships and other changes in business structures
- ▶ The specific recommendations for a Growth Management Plan include:
 - ▶ Implementation at a national level and must be mandatory for all dairy producers to take part.
 - ▶ An administrative fee for all dairy farmers and a flat rate is supported.

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- ▶ Next Steps with Federal Delegation
 - ▶ Request Milk Commission Meeting with Congressional Delegation
 - ▶ Review information and request for federal action for a growth management plan.
- ▶ Next Steps with farmers and dairy farm organizations
 - ▶ Present information at VT Farm Show Dairy Update
 - ▶ Provide report to National Farmers Union
 - ▶ Provide report to Wisconsin Farmers Union
 - ▶ Work with these groups to continue moving growth management plan forward and to determine areas of agreement
- ▶ Work with Dairy Cooperatives and Dairy Organizations
 - ▶ Discuss plan with dairy cooperative and request leadership present to NMPF and IDFA

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- ▶ Recommendations to the Vermont Legislature
- ▶ **Truth in Labeling** - The dairy industry believes that Food and Drug Administration (FDA) has the authority to mandate label changes for nut and plant-based beverages to remove the word milk from their labels. The Milk Commission requests that the Vermont House and Senate Committees of Agriculture write comments to the FDA on the concerns with inaccurate labeling of all dairy products by the deadline of January 28, 2019.
- ▶ **All Fat Levels of Milk In Schools and State Feeding Programs** - The Milk Commission recommends a full range of dairy products at all fat levels be offered at Vermont Schools and other facilities, such as state prisons, that serve meals and that the state of Vermont increase funding to allow for these changes.
- ▶ **Grants for Upgrades and Installation of Energy Efficiency Activities** - The Milk Commission would also like to recommend that the Energy Efficiency Utilities (Efficiency Vermont) institute a granting program to assist dairy farmers to upgrade or add an additional bulk tank, milk chillers, plate coolers and heating and cooling systems for barns (heat pumps). A granting program for all these upgrades and installations, paying up to 75% of the costs with a 25% dairy farmer share, which could be in-kind, would be of great benefits to farmers, the electric grid and the environment.

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- ▶ Recommendations to the Vermont Legislature
- ▶ Protect the Use Tax Abatement (Current Use) Program by not allowing changes that will increase the farmer cost.
- ▶ Carbon Tax - Do not impact farmers twice by implementing a carbon tax and placing requirements on farmers to implement practices to reduce greenhouse gas emissions or mitigate climate change.
- ▶ Don't over regulate -All farmers should be allowed to work on adopting and adapting to new regulations without continued updates and changes to these regulations. Do not implement regulations that will raise costs to dairy farmers.
- ▶ The Legislature should consider providing incentives and assistance for dairy processing facilities to be developed and to upgrade facilities.
- ▶ Broadband coverage for the state - There is still a lack of reliable broadband coverage throughout the state. Agriculture has ever growing needs for high speed broadband coverage for using the internet to price and market products and inputs as well the use of precision agriculture.

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- ▶ Milk Commission will continue to meet in 2019
- ▶ Next meeting will be at the end of March with date and time pending.
- ▶ Questions

